



History of the Department of Veterans Affairs Part 4

Veterans Administration Created

President Hoover, in his 1929 State of the Union message, proposed consolidating agencies administering veterans benefits. The following year Congress created the Veterans Administration by uniting three bureaus — the previously independent Veterans' Bureau, the Bureau of Pensions and the National Homes for Disabled Volunteer Soldiers. President Hoover signed the executive order establishing the VA on July 21, 1930. Hines, who had served since 1923 as director of the Veterans' Bureau, was named the first administrator of the agency.



*Official Seal of the
former Veterans Administration*

The new agency was responsible for medical services for war veterans; disability compensation and allowances for World War I veterans; life insurance; bonus certificates; retirement payments for emergency officers; Army and Navy pensions; and retirement payments for civilian employees. During the next decade, from 1931 to 1941, VA hospitals would increase from 64 to 91, and the number of beds would rise from 33,669 to 61,849.

In March 1933, President Roosevelt persuaded Congress to pass the Economy Act. A response to the Great Depression, the measure included a repeal of all previous laws granting benefits for

veterans of the Spanish-American War and all subsequent conflicts and periods of peacetime service.

It also gave the President authority to issue new veterans benefits. Roosevelt then promulgated regulations that radically reduced veterans benefits. When the President's

authority to establish benefits by executive order expired in 1935, Congress reenacted most of the laws that had been in effect earlier.

The Board of Veterans' Appeals was established in July 1933. It was given authority to hear appeals on benefit decisions. Members were appointed by the Administrator with the approval of the President.

Demand for hospital care grew dramatically in the Depression years. At first, tuberculosis predominated among the conditions treated at VA hospitals. But by the middle of the 1930s, tuberculosis patients had dropped to only 13 percent — thanks partly to VA's own research and treatment efforts. Neuropsychiatric conditions then accounted for more than half of the patients.

World War II

With war on the horizon, Congress in 1940 created a new insurance program for servicemen and veterans. National Service Life Insurance was designed to eliminate any inequities in premiums that would have resulted if the young men had been grouped with the older World War I veterans covered by U.S. Government Life Insurance.



The Selective Training and Service Act of 1940, which authorized the nation's first peacetime draft, guaranteed reemployment rights to everyone who left a job to join the armed forces.

After the attack on Pearl Harbor, Congress liberalized service-connected disability policies. It also approved aid to families of servicemen who were killed or disabled before they had an opportunity to take out insurance.

During the war, many of VA's physicians, dentists, nurses and administrative people were called or volunteered for military service. To replace these employees, VA reduced minimum age and physical requirements for jobs. Women were hired for jobs previously filled only by men. This drain on VA hospital staffs came at the same time as a rapid increase in the number of veterans needing immediate medical treatment.

The Disabled Veterans' Rehabilitation Act of 1943 established a vocational rehabilitation program for disabled World War II veterans who served after Dec. 6, 1941. As a result of this law, the VA provided 621,000 disabled World War II veterans with job training.

GI Bill

During the war public sentiment grew to help World War II veterans return to civilian life. Most veterans had served for a long duration. Millions of American servicemembers

had served for four years or more. Some 671,817 men and women had been wounded, and 405,399 had been killed. Hundreds of thousands of dependents were left in need.



President Franklin D. Roosevelt signs the "GI Bill of Rights" into law, June 22, 1944.

Congress responded in 1944 with the Servicemen's Readjustment Act, the "GI Bill of Rights." The bill, which dramatically transformed the concept of veterans benefits, was signed into law by President Roosevelt on June 22. There were three key provisions. The first benefit provided up to four years of education or training. The education package included the payment of up to \$500 a school year for tuition, fees, books and supplies, plus a monthly subsistence allowance.

The second benefit provided veterans with federally guaranteed home, farm and business loans with no down payment. This feature was designed to generate jobs in the housing industry while providing housing and assistance for veterans and their families. Veterans could apply for loans up to \$2,000, with 50 percent guaranteed by the government.

The third feature was unemployment compensation. This benefit was designed to ease the unemployment market, which was making the transition to a peacetime economy. The new law provided that veterans who had served a minimum of 90 days were entitled to a weekly payment of \$20 for a maximum of 52 weeks. The new benefits were popular with veterans. When the World War II GI Bill program ended in 1956, some 7.8 million had received some kind of training, and the VA had guaranteed 5.9 million home loans totaling \$50.1 billion.

The GI Bill transformed the economy and society of the United States. The dreams of higher education and home ownership became realities for millions of veterans and their families. The GI Bill contributed more than any other program in history to the welfare of veterans and their families, and to the growth of the nation's economy.

The Veterans' Preference Act of 1944 gave veterans hiring preference where federal funds were spent. The President was authorized to set aside government jobs for veterans for the duration of the war and for five years afterward. Government administrators declining to hire veterans had to justify their decisions in writing.

Amputees returning from World War II at first found difficulty obtaining artificial limbs. But Congress quickly authorized the VA to fill this need. The VA's experience in

assisting thousands of veterans led it to become a world leader in the development of prosthetic devices.

End of Part 4

VA operates hundreds of medical facilities, issues millions of checks for education, disability and pensions, and supervises 120 national cemeteries. With approximately 236,000 employees, VA is America's second largest federal agency. When eligible dependents and survivors are included, approximately 63 million people -- about one-quarter of the nation's population -- are eligible for VA benefits and services. On July 21, 2005, VA celebrated 75 years of serving America's veterans. VA is providing this 10-part "History of the VA" to help observe this 75th Anniversary year.